GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4768
ANSWERED ON:24.08.2001
STATE BANK OF INDIA SUBSIDIARY FOR IT SERVICES
A. KRISHNASWAMY

Will the Minister of FINANCE be pleased to state:

(a) whether State Bank of India is planning to establish a subsidiary company for its Information Technological Service;

(b) whether any request has been received by the Government to this effect; and

(c) if so, the details thereof and the action taken by the Government thereon ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b) & (c):- State Bank of India (SBI) had submitted a proposal to Reserve Bank of India (RBI) for setting up an informatior technology subsidiary to assist the Bank in the implementation of computerization, networking of its branches for various banking activities, treasury solutions, risk management and better MIS and to meet the requirements of the financial industry and the insurance sector. Since the activities proposed to be undertaken by SBI`s information technology subsidiary were not covered by section 6 of the Banking Regulation Act, 1949, RBI had recommended to the Government to grant necessary approval of the same under Section 19(1)(c) of the Banking Regulation Act, 1949. The matter was considered by the Government and it was felt that setting of an information technology subsidiary by SBI would be a digression from the Bank`s main activity and envisaged role and the Bank should attempt to build upon existing strength rather than make tentative forays into areas that have witnessed major debacles. It was further felt that the objectives of information technology upgradation of SBI can easily be met by existing arrangements. Government, therefore, did not accord its approval to the above proposal.